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From: ROHR Alert <rohralert@gmail.com>
Sent: Monday, August 13, 2018 8:56 AM
To: undisclosed-recipients:
Subject: ROHR TREND ALERT!!

Dear Subscribers,
Well, it's back to Turkey again for the key drivers for the trend in US equities as well as other markets in all asset classes. Please see Friday's longer ALERT!! for an extended discussion of the Turkish background. We are not keen to refocus on international politico-economic impacts on US equities that are seeing still strong economic data. Yet as better Japanese, UK and Canadian data on Friday was of no help to equities while govvies rose and the US dollar extended its rally against both developed and especially emerging currencies, it is clear that the Turkish crisis is driving worries over the overall health of economies outside the US.

What is disconcerting is further major lira weakness this morning on continued Turkish resistance to making necessary moves to address international concerns. This is a two-part problem with a pernicious extension. The first issue is Turkish President Erdogan's aversion to higher central bank interest rates, which began the current crisis in a small way when the central bank refused to hike rates back on July 24th (versus an anticipated anti-inflationary multiple point hike.)

Erdogan's long held position is that higher central bank rates cause inflation, which of course turns classical finance theory and practice on it head. That was before President Trump demanded the release of US Pastor Brunson, who has been jailed since October 2016 on allegedly specious sedition charges. Failure to do so brought accelerated US sanctions, which were the sharp trigger for the massive acceleration of the lira selloff since last Thursday. At today's worst levels the lira was off over 25% since Wednesday's, and is roughly -50% this year.

It is now a point of pride for both men, and they have dug in their heels. The problem is not only finding a way out, but also whether Erdogan even wants one. While Turkey will suffer, Trump's bellicose approach has afforded Erdogan the luxury of claiming any severe economic problems are due to the US sanctions rather than the already negative situation his policies had caused. And due to that dynamic, Turkish trouble will continue to impact other markets to some degree; maybe more so emerging markets, yet the psychology of all to some degree.

This is the critical consideration:
The ability of September S&P 500 future to recover back above 2,741 after the early July US Employment report was impressive… and that much more so on the push above 2,760-70 into mid-July. Higher resistance in the 2,800-10 area was modestly exceeded, and subsequent concerns left only very modest slippage back below that area until the more positive sentiment returned into late July.

Higher resistances remained in the 2,840-50 area, reinforced by the downside reaction from that area two weeks ago, and now reinstated on last week's drop back below it. Higher resistance remains at the late January 2,878.50 all-time high with support at 2,810-00 (with key MA's just below) and the 2,770-60 area.

[For those of you who are subscribers, see the latest analysis and Market Observations write-up at www.rohr-blog.com for more on the current trend evolution. Market Observations are available to Gold and Platinum subscribers.]

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